

Message Text

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ACTION EUR-12

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 CEA-01 COME-00 EB-07 FRB-03 CIEP-01 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 /087 W

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R 011522Z DEC 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7541

INFO ALL EC CAPITALS 0251

AMEMBASSY ATHENS

AMEMBASSY ANKARA

AMEMBASSY LISBON

AMEMBASSY MADRID

USMISSION NATO

AMEMBASSY MOSCOW

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 35477

E.O. 11652: GDS

TAGS: PFOR, FR, EC, GR, CY, PO, SP, IT

SUBJECT: QUAI ON COMMUNITY ENLARGEMENT

REF: A. PARIS 34827; B. PARIS 32953; C. PARIS 31439

1. SUMMARY: IN TOUR D'HORIZON WITH RPE'S BOB HOMME, QUAI'S DEPUTY DIRECTOR WESTERN EUROPEAN AFFAIRS CANTONI AND QUAI'S DEPUTY DIRECTOR FOR ECONOMIC COOPERATION MADE SERIES OF SUGGESTIVE POINTS ON CURRENT FRENCH THINKING ON COMMUNITY ENLARGEMENT AND INSTITUTIONAL MATTERS. END SUMMARY.

2. SPAIN:

CANTONI REFLECTED CLEARER ANXIETY THAN WE HAD ENCOUNTERED IN THE PAST OVER IMPLICATIONS FROM FRENCH
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EC PERSPECTIVE OF RAPIDITY WITH WHICH SPAIN IS NOW

EVOLVING TOWARD MEETING INTERNAL POLITICAL CRITERIA WHICH EVEN MOST RESERVED AMONG THE NINE HAD POSITED AS PRECONDITIONS FOR SPANISH EC APPLICATION.

QUAI CONTINUES TO RECOGNIZE THAT EVENTUAL ADHESION, NOT ONLY OF GREECE AND SPAIN BUT, TO A LESSER AND MORE QUALIFIED EXTENT, ALSO OF PORTUGAL, IS PART OF DESIRABLE (IF PERHAPS UNAVOIDABLE) DESIGN OF BRINGING THESE LESS STABLE EUROPEAN COUNTRIES INTO COMMUNITY, PARTLY IN ORDER THAT THEY CAN BE MORE DIRECTLY INFLUENCED. EVEN SO, CANTONI MADE NO BONES ABOUT QUAI VIEW THAT, FROM PRACTICAL PERSPECTIVE, SPANISH ADHESION WILL REQUIRE "LONG AND HARD NEGOTIATIONS."

INTERESTINGLY, CANTONI EMPHASIZED THAT THE VERY SUCCESS KING JUAN CARLOS IS HAVING IN REFORMING SPAIN WILL WORK, NOT FOR BUT AGAINST GENEROUS EC NEGOTIATIONS. FOR, UNLIKE PORTUGAL, SPAIN WILL NOT HAVE ADVANTAGE OF BEING SEEN AS PROBLEM CASE, BUT RATHER AS IMPORTANT NEW EUROPEAN ECONOMIC FORCE.

ISSUE IS OF COURSE NOT IMMINENT. SPANISH ARE PRUDENTLY BIDDING THEIR TIME. EVEN AFTER REQUEST IS MADE, THE USUAL EC COMMISSION PROCEDURES WILL BE TEDIOUS. THIS WILL, IN ANY CASE, PUT NEGOTIATIONS WITH SPAIN WELL BEYOND MAGIC DATE OF 1978 FRENCH LEGISLATIVE ELECTIONS. HOWEVER, EVEN THIS STILL RATHER DISTANT PROSPECT IS ALREADY CASTING SHADOWS; FOR INSTANCE ON QUAI'S APPRECIATION OF EC NEGOTIATIONS WITH GREECE, WHICH CANTONI SAID, WILL HAVE TO BE CONDUCTED WITH "EVEN GREATER CARE" TO MAKE SURE GREEKS DO NOT SET AWKWARD PRECEDENT FOR SPAIN. IN SHORT, QUAI, UNLIKE ELYSEE, WHICH TENDS TO STRESS BROADER PICTURE, IS NOW VERY CONSCIOUS OF PROBLEMS WHICH SIMILARITIES BETWEEN GREEK, SPANISH AND PORTUGUESE AGRICULTURAL ECONOMIES WILL POSE FOR FRENCH AGRICULTURE, PARTICULARLY IN THE SOUTH OF FRANCE IN FIELDS LIKE WINE, PEACHES AND TOMATOES.

3. PORTUGAL:
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CANTONI ALSO BLUNTLY REAFFIRMED FRENCH PESSIMISM ABOUT EARLY PORTUGUESE EC ACCESSION ON STANDARD GROUNDS THAT PORTUGUESE ECONOMY NOT READY. THERE IS, HE ADMITTED, SOME SENTIMENT FOR MAKING "SPECIAL ARRANGEMENT" FOR PORTUGAL FOR POLITICAL REASONS. BUT CANTONI WAS NOT CERTAIN THAT THIS SENTIMENT WILL SUFFICE TO ASSURE THAT SOARES' PROPOSED TRIP AROUND

EUROPE EARLY NEXT YEAR, TO TAKE THE PULSE ON THIS
QUESTION, WILL BE CROWNED WITH SUCCESS.

4. GREECE:

IN ADDITION TO POINT CITED PARA 2 ABOVE, CANTONI SAID
THAT QUAI IS NOW ALSO VERY CONCERNED THAT GREECE NOT
ATTEMPT TO PARTICIPATE IN COMMUNITY'S POLITICAL
DELIBERATIONS UNTIL ITS ACCESSION IS IN FACT FORMALLY

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RATIFIED. ISSUE OF COURSE IS CYPRUS, WHICH CANTONI
ASSUMES IS NOT LIKELY TO BE SETTLED FOR CONSIDERABLE
TIME. GREEKS HAVE THEREFORE ALREADY BEEN TOLD THAT
ANY SUCH PREMATURE MOVE INTO EC POLITICAL ARENA WOULD

NOT BE WELCOMED HERE.

5. BROADER IMPLICATIONS OF ENLARGEMENT:

THROUGHOUT CONVERSATION CANTONI ALSO SHOWED THAT QUAI WAS AWARE OF BROADER STRUCTURAL AND POLITICAL PROBLEMS WHICH ENLARGEMENT MAY BRING WITH IT, IN SPITE OF FRANCE'S BASIC TILT TOWARD THE MEDITERRANEAN. EUROPE WILL TEND TO BE OVERBALANCED TOWARD THE SOUTH. THIS WILL BRING WITH IT RISKS OF SHARPER NORTH-SOUTH RIVALRY. MOREOVER, IT WILL RESULT IN
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COMMUNITY'S POLITICAL DILUTION. WHILE QUAI IS THUS AWARE OF THESE QUESTIONS, WORKING LEVEL NEVERTHELESS SEES ENLARGEMENT PROCESS AS INEVITABLE AND HAS NO NEW ANSWERS.

6. SUBSEQUENT TO MEETING WITH CANTONI, HOMME AND EMBASSY ECON OFFICER CALLED ON PATRICK O'CORNESSE, FOREIGN MINISTRY'S DEPUTY DIRECTOR FOR ECONOMIC COOPERATION RESPONSIBLE FOR FRENCH/EC ECONOMIC MATTERS. O'CORNESSE ALSO DISCUSSED BROADER IMPLICATIONS OF ENLARGEMENT IN TERMS WHICH CLOSELY PARALLELED CANTONI'S IN OVERALL THRUST, BUT WHICH HAD SOMEWHAT DIFFERENT EMPHASIS. O'CORNESSE DREW EVEN SHARPER DISTINCTION BETWEEN GREEK APPLICATION--WHICH HE DESCRIBES AS NOW IN TRAIN AND AS ONE TO WHICH FRANCE AND HER EC PARTNERS WERE FULLY COMMITTED--AND SPANISH AND PORTUGUESE CASES WHICH WERE DESCRIBED AS MATTERS FOR CONSIDERATION AT SOME FUTURE DATE. COMMUNITY, IN O'CORNESSE'S VIEW, WAS HAVING SO MANY PROBLEMS IN TRYING TO KEEP CURRENT MEMBERS' ECONOMIES ABREAST OF EACH OTHER THAT EC EXPANSION PLANS MUST NECESSARILY BE VIEWED WITH MORE CRITICAL EYE NOW THAN WAS CASE DURING PAST BOOM PERIODS. IN ANY EVENT, HE ADDED, IT WILL TAKE "AT LEAST UNTIL 1978" FOR US TO SEE WHAT NEW POLITICO-ECONOMIC INSTITUTIONS ARE DEVELOPED BY SPANIARDS AND HOW THEY FUNCTION. PORTUGAL WAS STILL FURTHER DOWN LINE, HE SAID, AND WENT ON TO EXPLAIN THAT EC WAS FIRST GOING TO HAVE TO CONCENTRATE ON WAYS OF ACHIEVING FULLER AND MORE EFFECTIVE MONETARY, BUDGETARY, AND GENERAL FINANCIAL INTEGRATION.

7. ALTHOUGH HOMME AND EMBASSY ECON OFFICER USED MENTION OF EC MONETARY AND INTERNAL DYNAMICS PROBLEMS TO ASK SEVERAL QUESTIONS ABOUT NOVEMBER 12 GISCARD/CALLAGHAN TALKS AT RAMBOUILLET (PARIS 33653), RESPONSE WAS NOT TOO FORTHCOMING. O'CORNESSE ONLY SAID GOF WOULD SUPPORT UK LOAN REQUEST AT IMF AND THAT

STERLING BALANCES WERE PROBLEM EXTERNAL TO EC WHICH
HAD COME TO AFFECT INTERNAL EC MONETARY MATTERS.
HOWEVER, OPEC ASSETS WERE INVOLVED, HE NOTED, AND
THIS MADE REDUCTION AND CONVERSION PLANS PARTICULARLY
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